MANAGEMENT'S DISCUSSION AND ANALYSIS

U308 CORP.
(A DEVELOPMENT STAGE COMPANY)

THREE AND SIX MONTHS ENDED JUNE 30, 2007
(UNAUDITED)

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Introduction

The Management's Discussion and Analysis ("MD&A") of U308 Corp. ("U3O8") or the ("Corporation") provides an analysis of the Corporation's performance and financial condition for the three and six months ended June 30, 2007 as well as an analysis of future prospects. This MD&A should be read in conjunction with the Corporation's unaudited consolidated interim financial statements for the three and six months ended June 30, 2007 and audited consolidated financial statements for the year ended December 31, 2006, including the related note disclosures, which are prepared in accordance with generally accepted accounting principles in Canada ("GAAP"). Readers of the following MD&A should also refer to the Corporation's audited financial statements from the date of inception (December 6, 2005 being the date of incorporation) to December 31, 2005. All amounts are in Canadian dollars unless otherwise specified. This MD&A is dated, and was prepared using information that is current as of August 27, 2007 unless otherwise stated. The Corporation's financial statements along with management certifications, press releases, technical reports and final long form prospectus dated December 15, 2006, are available on the Canadian System for Electronic Document Analysis and Retrieval ("SEDAR") at www.sedar.com.

Caution Regarding Forward-Looking Statements

This MD&A may contain forward-looking statements that are based on the Corporation's expectations, estimates and projections regarding its business and the economic environment in which it operates. These statements speak only as of the date on which they are made, are not guarantees of future performance and involve risks and uncertainties that are difficult to control or predict. Examples of some of the specific risks associated with the operations of the Corporation are set out below under "Risks and uncertainties". Actual outcomes and results may differ materially from those expressed in these forward-looking statements and readers should not place undue reliance on such statements.

About U308

U308 is a Canadian junior exploration company engaged in acquiring and exploring mineral properties for uranium. To date, U308 has not earned any revenues from uranium exploration and is considered to be in the development stage.

The goal of U3O8 is to deliver returns to shareholders by concentrating on uranium exploration in Guyana, South America, through its subsidiary Prometheus Resources (Guyana) Inc. ("Prometheus Guyana"). The Corporation plans to do this by focusing on certain "Reconnaissance Permits" (consisting collectively of Permit "A" and Permit "B"), as described below.

Permit "A" was granted to Prometheus Guyana on November 28, 2005, and allows permission to carry out geological, geophysical and other surveys within an area of approximately 579,417 hectares located in the Cuyuni/Mazaruni and Potaro Mining Districts of Guyana, and excludes areas lawfully occupied or applied for prior to September 22, 2005, navigable rivers and Amerindian lands. Permit "A" provides Prometheus Guyana with the right to occupy the Permit "A" area for three years commencing November 23, 2005 in order to conduct geological and geophysical surveys for uranium. In connection with Permit "A", Prometheus Guyana is obligated to pay to the Government of Guyana in advance, a non-refundable fee of US$15,000 for the first year (paid), US$20,000 for the second year (paid) and US$30,000 for the third year. Permit "A" grants Prometheus Guyana the right to apply for, and be granted by the Guyana Geological and Mines Commission ("GGMC"), up to 15 prospecting licenses (each consisting of areas of approximately 202 hectares to approximately 4,856 hectares) for uranium, provided that it has satisfied the requirements of Permit "A" and of the GGMC.

Permit "B" was granted to Prometheus Guyana on June 1, 2006, and allows permission to carry out geological, geophysical and other surveys within an area of approximately 746,309 hectares located in the Potaro, Cuyuni/Mazaruni and Rupununi Mining Districts of Guyana, and excludes areas lawfully occupied or applied for prior to May 2, 2006, navigable rivers and Amerindian lands. Permit "B" provides Prometheus Guyana with the right to occupy the Permit "B" area for three years commencing May 31, 2006 in order to conduct geological and geophysical surveys for radioactive minerals and rare earth elements, which include uranium. In connection with the Permit "B", Prometheus Guyana is obligated to pay to the Government of Guyana in advance, a non-refundable fee of US$25,000 for the first year (paid), US$35,000 for the second year (paid) and US$50,000 for the third year. Permit "B" grants Prometheus Guyana the right to apply for, and be granted by the GGMC, up to 20 prospecting licenses (each consisting of areas of approximately 202 hectares to approximately 4,856 hectares) for radioactive minerals and rare earth elements, provided that it has satisfied the requirements of Permit "B" and the GGMC.

Overall Performance

(a) Trends analysis

The uranium spot price has increased from US$72 per lb at December 25, 2006, to US$135 per lb at June 30, 2007, representing an increase of US$63 per lb, or 88% from December 25, 2006. As of August 20, 2007, the uranium spot price was US$90 per lb.

(b) Current activities

As at June 30, 2007 and to the date of this MD&A, the cash resources of U308 are held with the Royal Bank of Canada and the Bank of Nova Scotia in bank backed guaranteed investment certificates and cash balances.

For the six months ended June 30, 2007 and to the date of this MD&A, the Corporation has or is in the process of:

- Completed its 15 hole Phase I diamond drilling program at the Aricheng Area, located in Permit Area "A" in Guyana. The Phase I program was intended to be a 16 hole program but due to extensive rainfall, the Corporation altered the program to 15 holes;
- Analyzing the data collected from the Phase I program. This will play a significant role in the planning and preparation of the Corporation's Phase II drill program which has begun (see "Exploration results" on page 4 of this MD&A);
- Making an application for several prospecting licenses for uranium in Guyana. There are no assurances that prospecting licenses will be issued to the Corporation from the GGMC; and

- Focusing its efforts on regional reconnaissance field work in areas that were identified by the airborne radiometric survey conducted in fiscal 2006.

There is no guarantee that the Corporation will discover a viable uranium resource from the above mentioned activities.

(c) Exploration results

The Company's Phase I drilling program focused on Aricheng North (approximately 4 square kilometres), Aricheng South (approximately 1.5 square kilometres), and Aricheng West (approximately 1.4 square kilometers). These three anomalies are the first of 43 anomalies that were identified by the 1,800 km^2 airborne radiometric survey conducted in the fourth quarter of 2006, to be explored by U308 Corp.

Significant results from our Phase I drill program include:

- **Hole ARS-001**
  0.121% U3O8 (2.42 lbs. per ton) over 17.5 meters

- **Hole ARS-002**
  0.301% U3O8 (6.02 lbs. per ton) over 3.5 meters
  0.115% U3O8 (2.30 lbs. per ton) over 6.5 meters
  0.202% U3O8 (4.04 lbs. per ton) over 4.0 meters

- **Hole ARS-003**
  0.104% U3O8 (2.08 lbs. per ton) over 8.0 meters

- **Hole ARN-003**
  1.70% (34.0 lbs per ton) U3O8 over 1.0 meter included within
  0.23% (4.66 lbs. per ton) U3O8 over 11 meters

- **Hole ARN-006**
  0.40% (7.90 lbs. per ton) U3O8 over 2.0 meters included within
  0.22% (4.42 lbs. per ton) U3O8 over 9.0 meters

The results obtained from Phase I drilling indicate the presence of strong uranium mineralization and warrant further drilling to determine the lateral and vertical continuity of mineralization. Reconnaissance exploration has begun on the airborne radiometric anomalies within the Kurupung Batholith to generate additional drill targets. At the date of this MD&A, the Corporation's Phase II drill program has begun. It consists of additional drilling at Aricheng and preliminary drill testing of targets developed from the ongoing reconnaissance program.

(d) Industry and economic factors affecting U3O8

The following factors may affect U308's performance:

- U3O8's future performance will be largely tied to the outcome of future drilling results; public markets relating to junior exploration companies, as well as the price of uranium (See "Trend analysis" on page 3 of this MD&A).

- Any decrease in the price of uranium could have an adverse effect on the Corporation's business and financial results. The Corporation mitigates this risk by having no debt and limits credit and interest rate risks to interest bearing assets in cash and cash equivalents. Accounts payable and accrued liabilities are short-term and non-interest bearing.

(e) Conclusion regarding overall performance

To date, the Corporation has completed its 15 hole Phase I diamond drilling program and has begun its Phase II drilling program. U3O8's performance will be largely tied to the outcome of the exploration program in Guyana.

Financial Summary

Six months ended June 30, 2007 compared with six months ended June 30, 2006

Net loss for the six months ended June 30, 2007 was $2,717,067 an increase of $2,202,384 compared with the same period last year. Basic and diluted loss per share for the six months ended June 30, 2007 was $0.12, an increase of $0.06, or 100% compared with the same period last year. The increase in net loss was principally due to:

- An increase of $1,301,438 in exploration expenses (excluding compensation expense) in Guyana for the six months ended June 30, 2007, compared with the same period last year. There was minor exploration activity in Guyana during the six months ended June 30, 2006;
- An increase of $1,106,346 in stock-based compensation expense during the six months ended June 30, 2007, compared with the same period last year, mainly due to: (i) the granting of 90,000 stock options to two geologists during the period and (ii) the vesting of stock options issued prior to 2007. Correspondingly, there was no stock-based compensation expense during the six months ended June 30, 2006;
- An increase of $25,000 in directors' compensation expense during the six months ended June 30, 2007, compared with same period last year. Each director of the Corporation is paid $10,000 per annum;
- An increase of $38,053 in management compensation expense during the six months ended June 30, 2007, compared with the same period last year;
- Significant transitional growth in the past nineteen months. Accordingly general operating expenses have increased inline with the growth. Business development, investor relations, professional fees, reporting issuer costs and administrative and general costs have all increased as the Corporation moved to meet the needs of an increased shareholder base, regulatory

requirements and corporate activity. The Corporation continues to assess these costs to ensure that cost effective choices are being made; and

- The increases in expenses during the six months ended June 30, 2007 were offset by an increase in interest income of $509,393. The Corporation earned interest on liquid fixed income securities included in cash and cash equivalents from funds raised from the initial public offering which occurred in December 2006.

Three months ended June 30, 2007 compared with three months ended June 30, 2006

Net loss for the three months ended June 30, 2007 was $1,468,745 an increase of $1,046,886 compared with the same period last year. Basic and diluted loss per share for the three months ended June 30, 2007 was $0.06, an increase of $0.02, or 50% compared with the same period last year. The increase in net loss was principally due to:

- An increase of $706,559 in exploration expenses (excluding compensation expense) in Guyana for the three months ended June 30, 2007, compared with the same period last year. There was minor exploration activity in Guyana during the three months ended June 30, 2006;
- An increase of $472,734 in stock-based compensation expense during the three months ended June 30, 2007, compared with the same period last year, mainly due to: (i) the granting of 90,000 stock options to two geologists during the period and (ii) the vesting of stock options issued prior to 2007. Correspondingly, there was no stock-based compensation expense during the three months ended June 30, 2006;
- An increase of $12,500 in directors' compensation expense during the three months ended June 30, 2007, compared with same period last year. Each director of the Corporation is paid $10,000 per annum;
- An increase of $39,500 in management compensation expense during the six months ended June 30, 2007, compared with the same period last year;
- The increases in expenses during the three months ended June 30, 2007 were offset by an increase in interest income of $253,203. The Corporation earned interest on liquid fixed income securities included in cash and cash equivalents from funds raised from the initial public offering which occurred in December 2006.

Results of Operations

The Corporation through its subsidiary, Prometheus Guyana, concentrated its efforts on the development of its Reconnaissance Permit uranium properties in Guyana. In order for the uranium properties to be profitable the asset must be developed into an economically viable uranium resource.

In order to explore for uranium, the Corporation filed a final prospectus dated December 15, 2006 and raised net proceeds of $28,323,700. The Corporation's proposed use of proceeds in accordance with the final prospectus dated December 15, 2006, less adjustments, are as follows:

(Unaudited)

Use of Proceeds	**Proposed Use of Proceeds Per Final Receipted Prospectus dated December 15, 2006**	**Revised Use of Proceeds as of June 30, 2007**	**Net Funds Change from Amounts Disclosed in Receipted Prospectus to June 30, 2007**
(i) Complete Phase I and, if warranted, Phase II of the recommended program for the areas underlying the Reconnaissance Permits	$11,695,248	$8,926,898	$2,768,350
(ii) Optional expenses to fund future growth plans	760,000	400,000	360,000
(iii) Payments to the Government of Guyana – Canadian dollar equivalent	nil	92,760	(92,760)
Use of Proceeds	$12,455,248	$9,419,658	$3,035,590

(i) For the three and six months ended June 30, 2007, the Corporation has spent $904,692 and $1,499,571 respectively (three and six months ended June 30, 2006 - $198,133) in exploration expenditures in furtherance of the recommended work programs in Guyana. The Corporation anticipates spending all the funds raised within three years.

As of June 30, 2007, a summary of funds spent to date is as follows:

(Unaudited)	$
Funds spent from April 19, 2006 to September 30, 2006	693,923
Funds spent from October 1, 2006 to December 31, 2006	574,856
Funds spent from January 1, 2007 to March 31, 2007	594,879
Funds spent from April 1, 2007 to June 30, 2007	904,692
Note: amounts exclude stock-based compensation	2,768,350

The funds spend to date represent Reconnaissance Permit "A" exploration costs; Reconnaissance Permit "B" exploration costs; Project administration and general costs; and exploration maintenance costs.

(ii) This amount represents expenses over the course of the ensuing 36 months which are not committed but required to fund the future growth plans of the Corporation, and include: (i) helicopter support to perform exploratory work on the Permit "B" area ($150,000); (ii) investor relations and business development ($200,000); and contingencies ($50,000).

For the three months ended March 31, 2007, the Corporation acquired drilling equipment and accessories for a total amount of $607,785. Management made an initial estimate of $360,000 for the acquisition of drilling equipment and accessories. A unique opportunity arose to purchase additional drilling equipment and accessories at preferential pricing. Management took advantage of this opportunity at a significant long-term cost saving to the Corporation. For the three months ended June 30, 2007, additional parts and accessories of $223,169 were purchased and capitalized to drilling equipment.

(iii) The following payments must be made to the Government of Guyana by the dates below to maintain the Reconnaissance Permits in good standing:

(Unaudited)

Permit "A" Costs		Permit "B" Costs	
Date	Amount	Date	Amount
November 2007	US$30,000	June 2008	US$50,000

For the three and six months ended, the Corporation paid the Government of Guyana US$35,000 to maintain Permit "B" in good standing.

Selected Quarterly Information

(Unaudited) Three Months Ended	Net loss $	Basic and diluted loss per share $
2007-June 30	(1,468,745) (1)	(0.06)
2007-March 31	(1,248,322) (2)	(0.05)
2006-December 31	(1,510,674) (3)	(0.17)
2006-September-30	(691,138) (4)	(0.07)
2006-June -30	(421,859) (5)	(0.04)
2006-March-31	(92,824) (6)	(0.01)
2005-December-31	(18,493) (7)	(0.00)

Notes:

(1) Net loss of $1,468,745 principally relates to a vesting amount of $472,734 regarding 1,960,000 stock options that were issued on December 15, 2006 and 90,000 stock options that were issued on March 6, 2007 and exploration expenditures in Guyana in the amount $904,692 (excludes stock-based compensation of $136,130). All other expenses relate to general working capital purposes and management and director compensation. All expenses were offset by interest income of $257,354.

(2) Net loss of $1,248,322 principally relates to a vesting amount of $633,612 regarding 1,960,000 stock options that were issued on December 15, 2006 and 90,000 stock options that were issued on March 6, 2007 and exploration expenditures in Guyana in the amount $594,879 (excludes stock-based compensation of

$235,306). All other expenses relate to general working capital purposes and management and director compensation. All expenses were offset by interest income of $257,077.

(3) Net loss of $1,510,674 principally relates to a vesting amount of $595,595 regarding 1,960,000 stock options that were issued on December 15, 2006 and exploration expenditures in Guyana in the amount $599,642 (excludes stock-based compensation of $158,016). All other expenses relate to general working capital purposes.

(4) Net loss of $691,138 principally relates to exploration work in Guyana in the amount $542,584. All other expenses relate to general working capital purposes.

(5) Net loss of $421,859 principally relates to exploration work in Guyana in the amount $198,133, business development costs of $102,161 and accrued consulting fees of $42,000 to related parties. All other expenses relate to general working capital purposes.

(6) Net loss of $92,824 principally relates to business development costs of $31,577, public relation costs of $18,693 and consulting fees of $42,000 to related parties. All other expenses relate to general working capital purposes.

(7) Net loss of $18,493 principally relates to professional fees in the amount of $10,000 that were expensed during the period consisting of $8,000 for audit services paid or accrued to an independent accounting firm, and $2,000 paid or accrued to Duguay & Ringler Corporate Services, which is also a related party, to maintain the Corporation's accounting records (see "Related Party Transactions" on page 10 of this MD&A);

Liquidity and Capital Resources

The activities of the Corporation, principally the acquisition and exploration of properties for uranium, are financed through the completion of equity transactions such as equity offerings and the exercise of stock options and warrants. For the periods indicated, the following equity transactions were completed:

Three months ended March 31, 2007

- On February 9, 2007 and March 6, 2007, 81,500 broker warrants were exercised for aggregate proceeds of $203,750.

Three months ended June 30, 2007

- On April 27, 2007, May 8, 2007, May 15, 2007 and June 14, 2007, 76,200 broker warrants were exercised for aggregate proceeds of $190,500.

As at June 30, 2007, U3O8 had $25,732,883 in cash and cash equivalents, compared with $28,563,589 at December 31, 2006. Working capital as of June 30, 2007 was $25,593,196 compared with $28,080,351 at December 31, 2006. The decrease was mainly due to the acquisition of property and equipment in the amount of $1,400,060, exploration expenditures spent in Guyana in the amount of $1,499,571. The decease was offset by interest income received during the six months ended June 30, 2007 in the amount of $514,431. The Corporation earned interest on short-term investments included in cash and cash equivalents from funds raised from the initial public offering which occurred in December 2006.

U3O8 is a junior uranium exploration corporation in the development stage, and therefore, the Corporation must utilize its current cash reserves, income from investments, funds obtained from the exercise of broker warrants and stock options and other financing transactions to maintain the Corporation's capacity to meet the planned exploration in Guyana, or to fund any further development activities. See Risks and Uncertainties on page 14 of this MD&A.

The Corporation has no operating revenues and relies on external financings to generate capital. As a result, U3O8 continues to incur net losses.

As of June 30, 2007, the Corporation had 23,057,700 Common Shares issued and outstanding, 568,300 broker warrants outstanding which would raise $1,420,750 if exercised in full, and 2,050,000 options outstanding which would raise $5,226,700 if exercised in full.

The Corporation continues to be debt free and its credit and interest rate risk is limited to interest bearing assets of cash and cash equivalents, and short-term investments. Accounts payable and accrued liabilities are short-term and non-interest bearing.

The Corporation has no financial commitments or obligations beyond those optional budgeted payments required to fund the proposed work programs on the Permit "A" area and Permit "B" area in the amount of $9,419,658 (see "Results of Operations" on page 6 of this MD&A) and management compensation of $16,667 per month for the CEO and $3,500 per month for the CFO of the Corporation, pending finalization of definitive management agreements.

Further, the Corporation must make payments totalling $92,760 to the Government of Guyana to maintain the Reconnaissance Permits in good standing (see "Results of Operations" on page 6 of this MD&A).

In addition to the financial commitments set forth above, the Corporation has allocated approximately $400,000 for future expenses over the course of the ensuing 36 months which are not committed but required to fund the Corporation future growth plans (see "Results of Operations" on page 6 of this MD&A).

The Corporation's liquidity risk with financial instruments is minimal as excess cash is invested with the Royal Bank of Canada and the Bank of Nova Scotia in bank backed guaranteed investment certificates. In addition, receivables are comprised mainly of federal Goods and Services Tax recoveries.

The Corporation has a short operating history which limits planning knowledge, but management expects no major change in liquidity requirements.

Related Party Transactions

The CFO, Carmelo Marrelli, is a partner in Duguay & Ringler Corporate Services ("D&R"), a firm which provides corporate secretarial and accounting services to U308. During the three and six months ended June 30, 2007, U308 expensed $7,600 and $16,500 respectively, compared with $2,250 and $4,500 during the three and six months ended June 30, 2006 respectively, for services rendered by D&R. As at June 30, 2007, D&R was owed $8,412, compared with $4,621 at June 30, 2006. The amount owing was included in accounts payable and accrued liabilities.

For the three and six months ended June 30, 2007, the Corporation was charged $60,500 and $121,000 respectively, compared with $42,000 and $84,000 for the three and six months ended June 30, 2006 respectively, for management and consulting services rendered by two officers and a director of the Corporation. The two officers and director charges were allocated as follows:

(Unaudited)	Three months ended June 30, 2007 $	Three months ended June 30, 2006 $	Six months ended June 30, 2007 $	Six months ended June 30, 2006 $
Allan Ibbitson, CEO	50,000	21,000	100,000	42,000
Carmelo Marrelli, CFO	10,500	-	21,000	-
Keith Barron, Director	-	21,000	-	42,000

$4,623 was included in accounts payable and accrued liabilities at June 30, 2007, compared with $104,975 at June 30, 2006, owing to the above noted related parties as follows:

(Unaudited)	As at June 30, 2007 $	As at June 30, 2006 $
Allan Ibbitson, CEO	4,623	48,320
Keith Barron, Director	-	56,655

These transactions are in the normal course of operations and are measured at the exchange value (the amount established and agreed to by the related parties), which approximates the arm's length equivalent value.

Off-Balance Sheet Arrangements

The Corporation has not entered into any off-balance sheet arrangements.

Proposed Transactions

There are no proposed transactions of a material nature being considered by U3O8. However, U308 continues to evaluate properties that it may acquire in the future.

Critical Accounting Estimates

The preparation of financial statements in accordance with GAAP requires management to make estimates and assumptions that affect the reported amounts of certain assets and liabilities at the date of the financial statements and the reported amounts of certain revenue and expenses during the period. Critical estimates inherent in these accounting policies are the valuation of Permit “A” and “Permit B”. The policy of expensing exploration costs to date does not necessarily relate to the present or future value of exploration properties. The valuation of Permit “A” and Permit “B” is dependent entirely upon the discovery of economic uranium deposits and the ability of the Corporation to obtain a prospecting licence for uranium from the GGMC. Other items requiring estimates for the three and six months ended June 30, 2007 are accounts receivable, amortization of property and equipment, accounts payable and accrued liabilities, future income taxes and stock-based compensation. Changes in the accounting estimates in these items will not have a material impact on the financial presentation of U308.

Change in Accounting Policies

In January 2005, the Canadian Institute of Chartered Accountants ("CICA") issued Handbook Sections 3855, “Financial Instruments – Recognition and Measurement”, 1530, “Comprehensive Income”, and 3865, “Hedges”. These new standards are effective for interim and annual financial statements relating to fiscal years commencing on or after October 1, 2006 on a prospective basis; accordingly, comparative amounts for prior periods are not restated. The Corporation has adopted these new standards effective January 1, 2007.

Section 3855 prescribes when a financial instrument is to be recognized on the balance sheet and at what amount. It also specifies how financial instrument gains and losses are to be presented. This Section requires that:

- All financial assets be measured at fair value on initial recognition and certain financial assets to be measured at fair value subsequent to initial recognition;
- All financial liabilities be measured at fair value if they are classified as held for trading purposes. Other financial liabilities are measured at amortized cost using the effective interest method; and
- All derivative financial instruments be measured at fair value on the balance sheet, even when they are part of an effective hedging relationship.

Section 1530 introduces a new requirement to temporarily present certain gains and losses from changes in fair value outside net income. It includes unrealized gains and losses, such as: changes in the currency translation adjustment relating to self-sustaining foreign operations; unrealized gains or losses on available-for-sale investments; and the effective portion of gains or losses on derivatives designated as cash flow hedges or hedges of the net investment in self-sustaining foreign operations.

Section 3865 provides alternative treatments to Section 3855 for entities which choose to designate qualifying transactions as hedges for accounting purposes. It replaces and expands on Accounting Guideline 13 “Hedging Relationships”, and the hedging guidance in Section 1650 “Foreign Currency Translation” by specifying how hedge accounting is applied and what disclosures are necessary when it is applied.

Under adoption of these new standards, the Company designated its cash and cash equivalents as held-for-trading, which are measured at fair value. Accounts receivable is classified as loans and receivables, which is measured at amortized cost and accounts payable and accrued liabilities are classified as other financial liabilities, which are measured at amortized cost.

The Corporation has evaluated the impact of these new standards on its consolidated financial statements and determined that no adjustments are currently required.

Future Accounting Changes

Capital Disclosures and Financial Instruments – Disclosures and Presentation

On December 1, 2006, the CICA issued three new accounting standards: Handbook Section 1535, Capital Disclosures, Handbook Section 3862, Financial Instruments – Disclosures, and Handbook Section 3863, Financial Instruments – Presentation. These new standards are effective for interim and annual consolidated financial statements for the Corporation's reporting period beginning on January 1, 2008.

Section 1535 specifies the disclosure of (i) an entity's objectives, policies and processes for managing capital; (ii) quantitative data about what the entity regards as capital; (iii) whether the entity has complied with any capital requirements; and (iv) if it has not complied, the consequences of such non-compliance.

The new Sections 3862 and 3863 replace Handbook Section 3861, Financial Instruments — Disclosure and Presentation, revising and enhancing its disclosure requirements, and carrying forward unchanged its presentation requirements. These new sections place increased emphasis on disclosures about the nature and extent of risks arising from financial instruments and how the entity manages those risks.

The Corporation is currently assessing the impact of these new accounting standards on its consolidated financial statements.

Financial Instruments

The Company has not entered into any specialized financial agreements.

Disclosure Controls

Management accepts responsibility for the reliability and timeliness of the information disclosed and has ensured that there are disclosure controls and procedures in place which provide reasonable assurance that material information relating to U3O8 was disclosed on a timely basis, particularly information relevant to the period in which annual and interim filings are being prepared. The Board of Directors assesses the integrity of U3O8's public financial disclosure controls in place through the supervision of the Audit Committee. An evaluation was performed under the supervision and with the participation of the Corporations management, including the CEO and CFO, of the effectiveness of the Corporation's disclosure controls and procedures, as defined in the rules of the Canadian Securities Administrators, as of June 30, 2007. Based on that evaluation, the Corporation's management, including the CEO and CFO, concluded that the Corporation's disclosure controls and procedures were effective as of June 30, 2007.

Internal Controls

Under the supervision of and with the participation of the Corporations' management, including the CEO and the CFO, internal control over financial reporting has been designed and maintained in order to provide reasonable assurance regarding the reliability of financial reporting, as of June 30, 2007. During the three and six months ended June 30, 2007, there have been no material changes in internal control over financial reporting. In common with many small companies, segregation of duties are difficult, however compensating controls are in place at U3O8, including key management authorizations and reviews.

It should be noted that while the Corporation's CEO and CFO believe that the Corporation's internal controls over financial reporting provide a reasonable level of assurance; they do not expect that the procedures or internal control over financial reporting will prevent all errors and fraud. A control system, no matter how well conceived or operated, can only provide reasonable, not absolute, assurance that the objective of the control system is met.

Share Capital

As at August 27, 2007, the Corporation had 23,057,700 issued and outstanding Common Shares. As at August 27, 2007, U3O8 had 568,300 broker warrants and 2,050,000 stock options outstanding.

Risk and Uncertainties

For a summary of risk factors which have effected, and which in the future are reasonably expected to effect, the Corporation and its financial position, please refer to the section entitled "Risk and uncertainties" in the Corporation's management's discussion and analysis for the fiscal year ended December 31, 2006, available on SEDAR at www.sedar.com. There have been no significant changes to such risk factors since the date thereof.